

**LIVINGSTON PARISH FIRE PROTECTION DISTRICT No. 5**  
**DENHAM SPRINGS, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
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**As of and For the Year Ended December 31, 2013**

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# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
www.djcpa.com

John N. Durnin, CPA  
Dennis E. James, CPA  
Lyle E. Lambert, CPA  
Paul M. Riggs, Jr., CPA

Jared R. Lauderdale, CPA

Members of  
American Institute of CPAs  
Society of Louisiana CPAs

June 4, 2014

## Independent Auditor's Report

To the Members of the Board of Commissioners of  
Livingston Parish Fire Protection District No. 5  
Denham Springs, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Livingston Parish Fire Protection District No. 5, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of Livingston Parish Fire Protection District No. 5, as of December 31, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

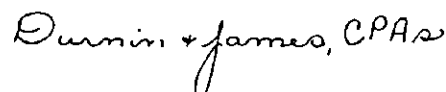
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2014, on our consideration of the Livingston Parish Fire Protection District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Livingston Parish Fire Protection District No. 5's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs  
(A Professional Corporation)

## **Basic Financial Statements**

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
**Statement of Net Position**  
**December 31, 2013**

**Exhibit A**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 404,469
Investments	149,800
Taxes Receivable, Net	937,661
State Revenue Sharing Receivable	30,056
Other Accounts Receivable	75
Capital Assets, Net	<u>2,140,437</u>
Total Assets	<u>3,662,498</u>
<b>Liabilities</b>	
Accounts Payable	56,672
Payroll Taxes Payable	8,154
Deferred Revenue	<u>2,300</u>
Total Liabilities	<u>67,126</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,140,437
Unrestricted	<u>1,454,935</u>
Total Net Position	<u><u>\$ 3,595,372</u></u>

The accompanying notes are an integral part of these financial statements.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
**Statement of Activities**  
**For the Year Ended December 31, 2013**

**Exhibit B**

	<u>Governmental Activities</u>
<b>Expenses:</b>	
Public Safety - Fire Protection:	
Salaries & Related Benefits	\$ 200,777
Insurance	123,220
Repairs & Maintenance	122,576
Supplies	39,254
Fuel & Oil	36,622
Professional Fees	85,393
Bad Debts	20,434
Utilities	20,098
Telephone	6,249
Miscellaneous	5,253
Training	3,358
Dues & Subscriptions	587
Tax, License, Permits	522
Depreciation	245,206
Loss on Disposal of Assets	137,797
Total Program Expenses	<u>1,047,346</u>
<b>General Revenues:</b>	
Ad Valorem Taxes	966,661
State Revenue Sharing	90,777
Fire Insurance Rebate	55,241
On Behalf Payments - State Supplemental Pay	12,000
Grant Revenue	4,990
Other Revenues	58,263
Interest	4,164
Proceeds from Sales of Assets	100,000
Total General Revenues	<u>1,292,096</u>
 Change in Net Position	 244,750
 Net Position - Beginning of Year	 <u>3,350,622</u>
Net Position - End of Year	<u>\$ 3,595,372</u>

The accompanying notes are an integral part of these financial statements.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
**Governmental Fund Balance Sheet**  
**December 31, 2013**

**Exhibit C**

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 404,469
Investments	149,800
Taxes Receivable, Net	937,661
State Revenue Sharing Receivable	30,056
Other Assets	<u>75</u>
Total Assets	<u>\$ 1,522,061</u>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities:</b>	
Accounts Payable	\$ 56,672
Payroll Taxes Payable	8,154
Deferred Revenue	<u>2,300</u>
Total Liabilities	<u>67,126</u>
<b>Fund Balance:</b>	
Unassigned	<u>1,454,935</u>
Total Fund Balance	<u>1,454,935</u>
Total Liabilities and Fund Balance	<u>\$ 1,522,061</u>

The accompanying notes are an integral part of these financial statements.



**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Position  
December 31, 2013

Exhibit D

<b>Total Governmental Fund Balance (Exhibit C)</b>	\$ 1,454,935
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

2,140,437

<b>Net Position of Governmental Activities (Exhibit A)</b>	<b><u>\$ 3,595,372</u></b>
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The accompanying notes are an integral part of these financial statements.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Statement of Governmental Fund Revenues, Expenditures, and  
Change in Fund Balance  
For the Year Ended December 31, 2013

Exhibit E

	<u>General Fund</u>
<b>Revenues:</b>	
Ad Valorem Taxes	\$ 966,661
State Revenue Sharing	90,777
Fire Insurance Rebate	55,241
On Behalf Payments - State Supplemental Pay	12,000
Grant Revenue	4,990
Other Revenues	58,263
Interest	4,164
Total Revenues	<u>1,192,096</u>
<b>Expenditures:</b>	
Public Safety - Fire Protection:	
Salaries & Related Benefits	200,777
Insurance	123,220
Repairs & Maintenance	122,576
Supplies	39,254
Fuel & Oil	36,622
Professional Fees	85,393
Bad Debts	20,434
Utilities	20,098
Telephone	6,249
Miscellaneous	5,253
Training	3,358
Dues & Subscriptions	587
Tax, License, Permits	522
Capital Outlay	895,113
Total Expenditures	<u>1,559,456</u>
Excess (Deficiency) of Revenues over Expenditures	(367,360)
<b>Other Financing Sources (Uses):</b>	
Proceeds from Sales of Assets	100,000
Total Other Financing Sources (Uses)	100,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>(267,360)</u>
<b>Fund Balance - Beginning of the Year</b>	<u>1,722,295</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 1,454,935</u>

The accompanying notes are an integral part of these financial statements.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and  
Change in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended December 31, 2013

Exhibit F

<b>Net Change in Fund Balance, Governmental Fund (Exhibit E)</b>	<b>\$ (267,360)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	895,113
Loss on Disposal of Fixed Asset	(137,797)
Depreciation Expense	<u>(245,206)</u>

<b>Change in Net Position of Governmental Activities (Exhibit B)</b>	<b><u>\$ 244,750</u></b>
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The accompanying notes are an integral part of these financial statements.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

**Narrative Profile**

The Livingston Parish Fire Protection District No. 5 (the "District") is a body corporate created by the Livingston Parish Council, as provided by Louisiana Revised Statutes. The District is governed by a board of five commissioners who are appointed by the Livingston Parish Council.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards. The accompanying financial statements have been prepared in accordance with such principles. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

Section 2100 of the GASB Codification, *Defining the Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of the Livingston Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

**B. Fund Accounting**

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

*Governmental Funds*

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. The following is the District's governmental fund:

General Fund - the primary operating fund of the District, which accounts for all the operations of the District, except those required to be accounted for in other funds.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

**C. Measurement Focus / Basis of Accounting**

*Basic Financial Statements – Government-Wide Financial Statements*

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

*Basic Financial Statements – Governmental Funds*

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Taxes, state revenue sharing, grants, interest revenue, and other revenues are recorded when due.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the governmental funds balance sheet and the government-wide statement of net position is presented in Exhibit D of the basic financial statements. Explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**D. Budgets And Budgetary Accounting**

The District adopted an operating budget for its General Fund for the fiscal year ended December 31, 2013. The budget for this fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Fire Chief prepares the proposed budgets and submits them to the Board of Commissioners for their review no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. Once a public hearing is held and all of the action necessary to finalize and implement the budget is completed, the budget is adopted through the passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted.

The adopted budget constitutes the authority of the Fire Chief to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except encumbrances, lapse at the end of each year.

**E. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the District are reported at cost.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

**F. Prepaid Items**

The District recognizes expenditures for services extending over more than one accounting period when paid. The District did not record any prepaid items at December 31, 2013.

**G. Capital Assets**

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation. At December 31, 2013, the District did not have a formal capitalization policy establishing a capitalization / expense threshold.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**H. Compensated Absences**

At December 31, 2013, the District has no plan or provision for compensated absences, pension plan, or other post employment benefits. Vacation time cannot be accumulated and must be taken by the end of the year. There is no provision for leave carryover; therefore, leave accruals are not necessary.

**I. Fund Equity**

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Board (the District's highest level of decision-making authority).
4. Assigned fund balances are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

The District's policy is to apply expenditures against nonspendable, restricted, committed, assigned, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of December 31, 2013, the District did not have any nonspendable, restricted, committed, or assigned fund balances.

**J. Restricted Net Position**

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows or Resources, and Net Position*, which provides guidance for reporting deferred outflows or resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. For the government-wide statement of net position, equity is classified and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – Consists of resources with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted – All other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.



**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

**2. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. See Note 1-D regarding operating budgets. The District complied with the Louisiana Local Government Budget Act in adopting its budget for the year ended December 31, 2013. The District did not report an unfavorable variance in expenditures over appropriations for the fiscal year ended December 31, 2013.

**B. Deposits and Investment Laws and Regulations**

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the District Court did not comply with the deposits and investments laws and regulations.

**C. Deficit Fund Equity**

As of December 31, 2013, the District's general fund did not have a deficit fund equity.

**3. Cash, Cash Equivalents, and Investments**

As reflected on Exhibit A, the District has cash and cash equivalents totaling \$404,469 and investments totaling \$149,800 at December 31, 2013. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash and investments at December 31, 2013, with the related federal deposit insurance and pledge securities:

**Bank Balances and Investments:**

Insured (FDIC Insurance)	\$ 399,800
Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	138,350
Uninsured and Uncollateralized	<u>23,660</u>
Total Deposits	<u><u>\$ 561,810</u></u>

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2013,

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

the District was not in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

**4. Receivables**

Receivables of \$967,717 at December 31, 2013, are as follows:

Property Tax Receivable	\$ 966,661
State Revenue Sharing Receivable	30,056
Allowance for Uncollectible Tax	<u>(29,000)</u>
Receivables at December 31, 2013, Net	<u>\$ 967,717</u>

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable.

**5. Levied Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District during the year and are billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and are recognized as revenue when billed. The Livingston Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Livingston Parish Assessor. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2013, the District levied 10.14 mills for a total tax levy of \$966,661. An allowance for uncollectible property taxes was recorded at 3.0% of the balance due.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

**6. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2013 are as follows:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
Capital Assets Not Depreciated:				
Land	\$ 67,087	\$ 25,000	\$ -	\$ 92,087
Capital Assets Being Depreciated:				
Furniture & Fixtures	32,659	-	-	32,659
Buildings	829,147	31,225	-	860,372
Vehicles	2,677,312	785,000	219,500	3,242,812
Equipment	776,908	53,888	-	830,796
Total Capital Assets Depreciated	4,383,113	895,113	219,500	5,058,726
Accumulated Depreciation:				
Furniture & Fixtures	22,692	2,408	-	25,100
Buildings	289,580	28,859	-	318,439
Vehicles	1,843,725	153,727	81,703	1,915,749
Equipment	598,789	60,212	-	659,001
Total Accumulated Depreciation	2,754,786	245,206	81,703	2,918,289
Total	<u>\$ 1,628,327</u>	<u>\$ 649,907</u>	<u>\$ 137,797</u>	<u>\$ 2,140,437</u>

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and Building Improvements	10 - 40	Year Life
Furniture and Fixtures	5 - 10	Year Life
Vehicles	5 - 15	Year Life
Equipment	5 - 10	Year Life

**7. Payables**

Accounts payables at December 31, 2013 are as follows:

Accounts Payable	\$ 56,672
Federal Payroll Taxes Payable	3,118
State Withholding Tax Payable	1,223
Accrued Payroll	3,813
Deferred Revenue	2,300
Total	<u>\$ 67,126</u>

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2013

**8. On-Behalf Payments**

Supplementary salary payments are made by the State of Louisiana directly to certain District employees. The District is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is actual contributions made by the State. For the fiscal year ended December 31, 2013, the State paid supplemental salaries to the District's employees in the amount of \$12,000.

**9. Compensation Paid to Board Members**

The following schedule of per diem payments to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Louisiana Revised Statute 40:1498, each member of the Board shall be reimbursed \$30 for attending meetings of the board, not to exceed two meetings in any one calendar month, and may be reimbursed any expenses incurred in performing the duties imposed upon them by virtue of their serving as members. The following is a breakdown of per diem paid to Board members:

Mark Cheairs	\$	405
Jimmy Gilbert		495
Kurt Mikesell		450
Bridgette Rushing		450
Lee Veenendaal		360
Total	\$	<u>2,160</u>

**10. Contingent Liabilities**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage. Therefore, no accrual for any loss contingency has been made in the financial statements.

**11. Subsequent Events**

There are no subsequent events as of the date of this report that would alter or materially affect the financial data disclosed in this report.

**Required Supplemental Information:**  
**Budgetary Comparison Schedule**

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual  
For the Year Ended December 31, 2013

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable / (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 902,000	\$ 950,000	\$ 966,661	\$ 16,661
Grant Revenue	-	5,000	4,990	(10)
Fire Insurance Rebate	46,500	55,500	55,241	(259)
State Revenue Sharing	90,000	90,200	90,777	577
On Behalf Payments	15,000	15,000	12,000	(3,000)
Other Revenues	40,500	56,500	58,263	1,763
Interest	2,400	3,800	4,164	364
Total Revenues	1,096,400	1,176,000	1,192,096	16,096
<b>Expenditures:</b>				
Public Safety - Fire Protection:				
Salaries & Related Benefits	238,500	234,500	200,777	33,723
Insurance	125,000	127,800	123,220	4,580
Repairs & Maintenance	116,700	124,700	122,576	2,124
Supplies	59,000	34,800	39,254	(4,454)
Fuel & Oil	37,000	37,000	36,622	378
Professional Fees	74,000	90,000	85,393	4,607
Bad Debts	27,000	28,000	20,434	7,566
Utilities	26,000	22,100	20,098	2,002
Telephone	8,000	7,000	6,249	751
Miscellaneous	5,350	5,600	5,253	347
Training	11,000	7,000	3,358	3,642
Election Expenses	20,000	-	-	-
Dues & Subscriptions	2,500	1,000	587	413
Tax, License, Permits	1,500	600	522	78
Equipment Rental	1,000	-	-	-
Travel & Entertainment	1,000	-	-	-
Capital Outlay	175,000	820,000	795,113	24,887
Total Expenditures	928,550	1,540,100	1,459,456	80,644
Excess of Revenues over Expenditures	167,850	(364,100)	(267,360)	(64,548)
<b>Fund Balance:</b>				
Beginning of the Year	1,722,295	1,722,295	1,722,295	-
End of the Year	\$ 1,890,145	\$ 1,358,195	\$ 1,454,935	\$ 96,740

See auditor's report.

**Other Independent Auditor's Reports and  
Findings, Recommendations, and Responses**

# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
www.djcpa.com

John N. Durnin, CPA  
Dennis E. James, CPA  
Lyle E. Lambert, CPA  
Paul M. Riggs, Jr., CPA

Members of  
American Institute of CPAs  
Society of Louisiana CPAs

Jared R. Lauderdale, CPA

June 4, 2014

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards*

To the Members of the Board of Commissioners of  
Livingston Parish Fire Protection District No. 5  
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Livingston Parish Fire Protection District No. 5, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Livingston Parish Fire Protection District No. 5's basic financial statements and have issued our report thereon dated June 4, 2014.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Livingston Parish Fire Protection District No. 5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Livingston Parish Fire Protection District No. 5's internal control. Accordingly, we do not express an opinion on the effectiveness of Livingston Parish Fire Protection District No. 5's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Livingston Parish Fire Protection District No. 5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2012-01.

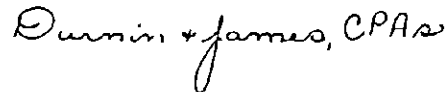
### **Livingston Parish Fire Protection District No. 5's Response to Findings**

Livingston Parish Fire Protection District No. 5's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Livingston Parish Fire Protection District No. 5's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Durnin & James, CPAs". The signature is written in a cursive, flowing style.

Durnin & James, CPAs  
(A Professional Corporation)

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
**Schedule of Findings, Recommendations, and Responses**  
**For the Year Ended December 31, 2013**

**Internal Control over Financial Reporting**

None

**Compliance and Other Matters**

**2012-01 –Louisiana Fiscal Agency and Cash Management Law**

**Condition:** During our audit and testing procedures over cash, we noted that \$23,660 of deposits with the District's fiscal agent bank were uninsured and uncollateralized.

This condition was noted in the prior fiscal year.

**Criteria:** Louisiana Revised Statute 39:1225 states that the amount of security, including FDIC insurance and other pledged collateral, shall at all times be equal to one hundred percent of the amount of collected funds on deposit.

**Cause:** The cause of this condition appears to be an oversight on the part of management.

**Effect:** The effect of this condition is the potential failure to comply with the provisions of the Louisiana Fiscal Agent and Cash Management Law.

**Recommendation:** We recommend that the District immediately require their fiscal agent bank to pledge additional securities to secure their deposits. We also recommend that the District review pledged securities on at least a monthly basis to ensure that their funds are adequately protected.

**Management's Response:**

Management will contact the bank as soon as practicable and ask that the bank pledge additional securities to cover the District's deposits.

**Livingston Parish Fire Protection District No. 5**  
**Denham Springs, Louisiana**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2013**

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>
<b><u>Internal Control over Financial Reporting</u></b>			
None			
<b><u>Compliance and Other Matters</u></b>			
2012-01	December 31, 2012	Louisiana Fiscal Agency and Cash Management Law	District's cash balances not fully collateralized in the current year
2012-02	December 31, 2012	Compliance with Local Government Budget Act	District's budgeted expenditures did not exceed actual amounts
2012-03	December 31, 2012	Compliance with Louisiana Audit Law	Audit submitted timely to Louisiana Legislative Auditor

*Note: This schedule prepared by management of the Livingston Parish Fire Protection District No. 5.*